# DEPARTMENT OF JUSTICE

# VICTIMS' FUND

## FINANCIAL STATEMENTS

For the Year Ended March 31, 2007

Provincial Auditor Saskatchewan

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SASKATCHEWAN

# AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Department of Justice – Victims' Fund (Fund) as at March 31, 2007, and the statements of operations, changes in net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 18, 2007

Fred Wendel, CMA, CA
Provincial Auditor

# DEPARTMENT OF JUSTICE
## VICTIMS' FUND
## STATEMENT OF FINANCIAL POSITION
## As at March 31

| | 2007 | 2006 |
|---|---|---|
| **Financial assets:** | | |
| Due from General Revenue Fund (Note 6) | $ 1,266,682 | $ 321,664 |
| Accounts receivable (Note 7) | 1,143,596 | 1,028,909 |
| Due from Public Guardian and Trustee (Note 8) | 365,734 | 489,879 |
| Total financial assets | 2,776,012 | 1,840,452 |
| **Liabilities:** | | |
| Accounts payable | 150,743 | 220,001 |
| Due to General Revenue Fund (Note 9) | 503,808 | - |
| Employee leave entitlement | 25,576 | 25,310 |
| Deferred revenue (Notes 2b and 10) | 67,677 | 63,255 |
| Total liabilities | 747,804 | 308,566 |
| **Net financial assets** | 2,028,208 | 1,531,886 |
| **Non-financial assets** | | |
| Tangible capital assets (Notes 2d and 4) | 979 | 6,882 |
| **Accumulated surplus** | $ 2,029,187 | $ 1,538,768 |

Commitments (Note 11)

(See accompanying notes to the financial statements)

# DEPARTMENT OF JUSTICE
# VICTIMS' FUND
# STATEMENT OF OPERATIONS
## For the Year Ended March 31

| | Budget 2007 (Note 12) | Actual 2007 | 2006 |
|---|---|---|---|
| **Revenue:** | | | |
| Surcharge revenue | $ 3,600,000 | $ 3,751,288 | $ 3,812,280 |
| General Revenue Fund - appropriation (Note 13) | 600,000 | 597,846 | - |
| Investment income (Note 8) | - | 51,535 | 43,976 |
| Proceeds of Crime revenue | - | 22,000 | 99,284 |
| Other | - | 9,793 | 3,618 |
| Total revenue | 4,200,000 | 4,432,462 | 3,959,158 |
| **Expense:** | | | |
| Administration costs | 547,000 | 509,471 | 538,659 |
| Crisis intervention services | 2,516,000 | 2,411,669 | 2,660,920 |
| Court based programs | 269,000 | 248,428 | 247,358 |
| Compensation payments | 465,000 | 397,108 | 310,008 |
| Restitution program | 142,000 | 82,195 | 125,671 |
| Research, evaluation & prevention | 192,000 | 156,582 | 128,728 |
| Education and training | 111,000 | 114,590 | 130,102 |
| Proceeds of Crime | - | 22,000 | 99,284 |
| Total expense (Schedule 1) | 4,242,000 | 3,942,043 | 4,240,730 |
| **(Deficit) surplus for the year** | $ (42,000) | 490,419 | (281,572) |
| Accumulated surplus, beginning of year | | 1,538,768 | 1,820,340 |
| **Accumulated surplus, end of year** | | $ 2,029,187 | $ 1,538,768 |

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31

| | 2007 | 2006 |
|---|---|---|
| **Surplus (deficit) for the year** | $ 490,419 | $ (281,572) |
| Acquisition of tangible capital assets | - | (2,938) |
| Amortization of tangible capital assets | 5,903 | 7,794 |
| | 5,903 | 4,856 |
| Increase (decrease) in net financial assets | 496,322 | (276,716) |
| Net financial assets, beginning of year | 1,531,886 | 1,808,602 |
| **Net financial assets, end of year** | $ 2,028,208 | $ 1,531,886 |

(See accompanying notes to the financial statements)

# DEPARTMENT OF JUSTICE
## VICTIMS' FUND
## STATEMENT OF CASH FLOWS
### For the Year Ended March 31

| | 2007 | 2006 |
|---|---|---|
| **Operating activities** | | |
| Cash received from: | | |
| Surcharge | $ 3,624,942 | $ 3,679,719 |
| Other | 1,201,064 | 90,995 |
| | 4,826,006 | 3,770,714 |
| Cash paid for: | | |
| Salaries | 741,369 | 747,588 |
| Other | 3,263,763 | 3,394,769 |
| | 4,005,132 | 4,142,357 |
| Cash provided (used) by operating activities | 820,874 | (371,643) |
| **Capital activities** | | |
| Cash used to acquire tangible capital assets | - | (2,938) |
| **Investing activities** | | |
| Cash provided by Public Guardian and Trustee | 124,144 | 264,822 |
| **Increase (decrease) in cash and cash equivalents** | 945,018 | (109,759) |
| Due from General Revenue Fund, beginning of year | 321,664 | 431,423 |
| **Due from General Revenue Fund, end of year** | $ 1,266,682 | $ 321,664 |

(See accompanying notes to the financial statements)

DEPARTMENT OF JUSTICE
VICTIMS' FUND
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2007

## 1. Authority

The Victims' Fund (Fund) was established by *The Victims of Crime Act* as amended April 1, 1992, and continues under the authority of *The Victims of Crime Act, 1995* (Act). The Fund receives all provincial and federal fine surcharges assessed under the Act and under the Criminal Code. The Act permits expenditures from the Fund to promote and deliver services and benefits to victims; to conduct research and to distribute information respecting victims' services, needs and concerns; and for crime prevention and administration.

## 2. Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and reflect the following significant accounting principles.

a) Basis of accounting

The financial statements are prepared on the accrual basis of accounting.

b) Revenue

i) Surcharge revenue

Surcharge revenue represents provincial and federal fine surcharges collected by the Department of Justice in accordance with *The Victims of Crime Act, 1995* and the Criminal Code. The Department of Justice is responsible for collecting the surcharges on behalf of the Fund. Surcharges are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

ii) Deferred revenue

Proceeds of crime funding received from the Federal Government is recognized as revenue in the year the related expenses are incurred.

c) Expense

Expense represents the cost of resources consumed during the year for operations. Expense includes provision for the amortization of tangible capital assets.

d) Tangible capital assets

Tangible capital assets that have a value greater than $500 and a useful life greater than one year are capitalized and amortized on a straight-line basis over the assets' useful life of three years.

e) Use of estimates

These statements are prepared in conformity with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences will be reflected in current operations when identified.

## 3. Financial Instruments

The Fund has the following financial instruments: due from General Revenue Fund, due from Public Guardian and Trustee, accounts receivable, accounts payable, and due to General Revenue Fund. The following paragraphs disclose the significant aspects of these financial instruments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on cash flows, financial position and income.

The Fund is exposed to interest rate risk when the value of its financial instruments fluctuates due to changes in market interest rates.

The Fund's receivables and payables are non-interest bearing and as a result there is no interest rate risk associated with these financial instruments.

As market interest rates fluctuate the market value of fixed income investments moves in the opposite direction. This risk may affect the price the Fund can sell the investments for prior to maturity.

b) Credit risk

The Fund is exposed to credit risk from potential non-payment of amounts due from General Revenue Fund, accounts receivable or investment income and principal.

The Fund's accounts receivable arise from fine surcharges assessed against individuals. Credit risk associated with accounts receivable relates to unpaid fine surcharges. The amount of fines which will eventually be collected is difficult to

measure. The amount at which accounts receivable are stated in the financial statements is an estimate of fines which will be collected, based on past experience.

The Fund's investments held by the Public Guardian and Trustee consist of government and government guaranteed bonds, corporate bonds, and shares in Canadian and foreign companies. Credit risk is minimal for government and government guaranteed bonds. Credit risk for corporate bonds is related to investees' abilities to redeem their bonds upon maturity. The Public Guardian and Trustee limits the credit risk by investing in securities considered to be high quality.

c) Fair value

For the following financial instruments, the carrying values approximate fair value due to their immediate or short-term nature:

Due from General Revenue Fund
Accounts receivable
Accounts payable
Due to General Revenue Fund

The carrying value of amounts held by the Public Guardian and Trustee at March 31, 2007 approximates fair value.

## 4. Tangible Capital Assets

| | 2007 | 2006 |
|---|---|---|
| Opening costs of tangible capital assets | $ 113,160 | $ 110,222 |
| Additions during the year | - | 2,938 |
| Closing costs of tangible capital assets | 113,160 | 113,160 |
| | | |
| Opening accumulated amortization | 106,278 | 98,484 |
| Annual amortization | 5,903 | 7,794 |
| Closing accumulated amortization | 112,181 | 106,278 |
| | | |
| Net book value of tangible capital assets | $ 979 | $ 6,882 |

Tangible capital assets consist of computer hardware.

Annual amortization is included in administration costs in the Statement of Operations.

## 5. Related Parties

Included in these financial statements are transactions with various Saskatchewan Crown Corporations, departments, agencies, boards and commissions related to the

Fund by virtue of common control by the Government of Saskatchewan, and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

During the year, the Fund received certain administrative services from the Departments of Justice and Finance without charge.

Other transactions with related parties and amounts due to or from them are described separately in the financial statements and related notes.

## 6. Due from General Revenue Fund

The monies of the Fund are deposited in the General Revenue Fund.

The Fund's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis to the Fund using the Government's thirty day borrowing rate and the Fund's average daily bank account balance. The Government's average 30 day borrowing rate in 2007 was 4.15% (2006 – 2.82%).

## 7. Accounts Receivable

This amount represents surcharges due to the Fund on account of fines levied against, but not yet paid, by individuals and miscellaneous receivables. The balance at March 31 consists of:

| | 2007 | 2006 |
|---|---|---|
| Surcharge receivable | $ 1,058,424 | $ 932,077 |
| Federal/Provincial cost sharing agreement receivable | 25,001 | 93,771 |
| Other accounts receivable | 60,171 | 3,061 |
| Total accounts receivable | $ 1,143,596 | $ 1,028,909 |

## 8. Due from Public Guardian and Trustee

The Fund invests a portion of its surplus funds with the Public Guardian and Trustee for Saskatchewan. The Public Guardian and Trustee invests these monies, together with monies it administers for its other clients, in a common fund. Income earned in the common fund, together with part of the change in market values of common fund investments, is allocated annually to clients, including Victims' Fund. The change in market value of common fund investments is allocated equally over four years.

The Fund records amounts allocated to it by the Public Guardian and Trustee as income or loss and adjusts the carrying value of its investment by the same amount. Carrying value approximates the fair value of investments.

## 9. Due to General Revenue Fund

The Province of Saskatchewan received proceeds of crime money as a result of forfeiture orders issued pursuant to Section XII.2 of the Criminal Code of Canada. In 2006-07, the Government approved the deposit of the provincial proceeds to the Fund. Subsequent to that approval, an amount of $503,808 from disposals of forfeited property was transferred to the Fund. In 2007-08, pursuant to *The Victims of Crime Act, 1995*, the Department of Justice intends to seek an Order in Council which authorizes the $503,808 and similar proceeds to be recorded as revenue of the Fund.

## 10. Deferred Revenue

Under the federal *Seized Property Management Act* and the Forfeited Property Sharing Regulations, the Federal Government receives monies from seizures made by police during drug and other illegal activity investigations. On April 17, 2000 the Province entered into an agreement with the Federal Government that specifies the proceeds are to be used to support crime prevention, issues of substance abuse, and law enforcement. Treasury Board approved the deposit of the proceeds of crime into the Fund.

| | 2007 | 2006 |
|---|---|---|
| Deferred revenue consists of: | | |
| Monies for RCMP operations directed at organized crime | $ 52,877 | $ 33,060 |
| Monies for public education and crime prevention | 14,800 | 30,195 |
| Total deferred revenue | $ 67,677 | $ 63,255 |

## 11. Commitments

The Fund enters into two-year agreements with agencies to provide victim services programs throughout the Province. The Fund has the following annual contractual commitments for each of 2007/08 and 2008/09:

| | |
|---|---|
| Police based programs | $ 1,680,262 |
| Specialized programs | 280,007 |
| Other | 605,618 |
| Total contractual commitments | $ 2,565,887 |

## 12. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Fund's budget annually.

## 13. General Revenue Fund - Appropriation

The appropriation reflects funding for Victims' programs from the General Revenue Fund. The Victims' Fund manages and pays for certain programs and the appropriation represents a reimbursement to the Fund for the costs of these programs. Treasury Board has approved the transfer.

Schedule 1

DEPARTMENT OF JUSTICE
VICTIMS' FUND
SCHEDULE OF EXPENSE BY OBJECT
For the Year Ended March 31

| | 2007 | 2006 |
|---|---|---|
| Expense: | | |
| Community grants | $ 2,661,332 | $ 2,895,417 |
| Salaries | 741,635 | 754,522 |
| Proceeds of Crime | 22,000 | 99,284 |
| Compensation awards | 397,108 | 310,008 |
| Administration | 99,155 | 126,722 |
| Systems expenses | 14,910 | 46,983 |
| Amortization | 5,903 | 7,794 |
| | $ 3,942,043 | $ 4,240,730 |

## Personal Services

Listed are individuals who received payments for salaries, wages, honorariums, etc. which total $50,000 or more.

| | | |
|---|---|---|
| McKendrick, Rod | $ | 65,933 |
| Sanderson, Garry | | 50,481 |
| Selinger, Murray | | 73,767 |
| Thiele, Patrick | | 85,641 |

## Transfers

Listed are transfers to recepients who received $50,000 or more.

| | | |
|---|---|---|
| Battlefords Victim Services Inc. | $ | 127,825 |
| Buffalo Regional Victim Services Inc. | | 80,130 |
| Churchill River Regional Victim Services Inc. | | 116,109 |
| Family Healing Circle Lodge Inc. | | 52,712 |
| Family Service Regina Inc. | | 102,045 |
| Kanaweyimik Child and Family Services Inc. | | 59,511 |
| Moose Jaw Police Service | | 65,202 |
| Northeast Regional Victim Services Inc. | | 124,291 |
| Northern Region Victim Services | | 119,474 |
| Northwest Regional Victim Services Inc. | | 61,757 |
| Parkland Victims Services Inc. | | 174,299 |
| Peyakowak Committee Inc | | 52,862 |
| Prince Albert Police Service | | 131,340 |
| Prince Albert Regional Victim Services Inc. | | 70,961 |
| Regina Police Service | | 200,206 |
| Regina Region Victim Services Inc. | | 118,249 |
| Regina Women's Community Ctr & Sexual Assault Line Inc. | | 57,091 |
| Saskatoon Indian & Metis Friendship Centre Inc. | | 52,772 |
| Saskatoon Police Service | | 350,356 |
| Saskatoon Sexual Assault & Information Centre Inc. | | 70,082 |
| South West Victim Services Inc. | | 66,095 |
| Southeast Regional Victim Services Inc. | | 68,431 |